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ABSTRACT

This report presents the findings and recommendations of the Committee on Education and Labor, to which was referred the bill, H.R. 4728, to establish programs of education and training designed to improve the competitiveness of American workers in international trade. An explanation of the bill first provides committee feelings regarding Title I, Education for American Competitiveness, which authorizes three types of educational programs to improve the knowledge and skills of current and future workers in areas that will enhance their productivity and competitiveness. Committee intent regarding Title II, Training for Industrial Competitiveness, is then set forth. Major focus is on the establishment of a new training program under Title IV of the Job Training Partnership Act that specifically addresses the adjustment needs of workers who have lost their jobs because of their employers' inability to compete with imports or the loss of export markets. A section-by-section analysis of H.R. 4728, as reported, follows. Supplemental views are attached. (YLB)

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99TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
99-597

EDUCATION AND TRAINING FOR AMERICAN COMPETITIVENESS ACT

MAY 12, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HAWKINS, from the Committee on Education and Labor, submitted the following

REPORT

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 4728]

U.S. DEPARTMENT OF EDUCATION
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The Committee on Education and Labor, to whom was referred the bill (H.R. 4728) to establish programs of education and training designed to improve the competitiveness of American workers in international trade, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause and inserts a new text which appears in italic type in the reported bill.

COMMITTEE ACTION

During the 99th Congress, a frequent theme in a variety of hearings has been the need for enhanced efforts to assure, for the future of our Nation, a better educated and trained citizenry to enable our economy to be competitive in the world.

In the exercise of its legislative and oversight responsibilities, this Committee has held several relevant hearings.

The Subcommittee on Elementary, Secondary, and Vocational Education conducted joint oversight hearings on illiteracy with the Senate Subcommittee on Education on August 1, October 1, and October 8, 1985. In addition, the House Subcommittee held hearings on illiteracy in Los Angeles, California, on November 25, 1985, and in Washington, D.C., on March 20, 1986. In another hearing

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relevant to this legislation, the Subcommittee heard testimony on proposed technology education legislation (H.R. 3012) on February 19, 1986.

At hearings held by the Subcommittee on Postsecondary Education, testimony was heard on international education programs on September 6, 1985, and on assistance for postsecondary academic facilities on September 11, 1985.

On the need for assistance for dislocated workers, the Subcommittee on Employment Opportunities heard testimony in oversight hearings in Los Angeles, California, on February 14, 1984, and on November 22, 1985.

The Education and Training for American Competitiveness Act (H.R. 4728) was introduced on May 1, 1986, by the Chairman of this Committee, Augustus F. Hawkins. The bill is cosponsored by Representatives Jeffords, Ford of Michigan, Gaydos, Clay, Biaggi, Murphy, Kildee, Williams, Martinez, Owens, Hayes, Perkins, Bruce, Solarz, Dymally, Eckart of Ohio, Atkins, Rodino, Mitchell, Lloyd, Markey, Gephardt, Panetta, Fazio, Leland, Evans of Illinois, Wheat, Robinson, and Fauntroy.

On May 6, 1986, by voice vote, the Committee on Education and Labor ordered favorably reported H.R. 4728, as amended in the Committee's mark-up session.

Explanation of the Bill

Education for American Competitiveness

Title I, Education for American Competitiveness, authorizes several educational programs to improve the knowledge and skills of current and future workers in areas which will enhance their productivity and competitiveness.

The Committee feels that investing in human capital is at least as important to improving our long-range competitiveness as investing in equipment or negotiating trade agreements. Education programs have the capability to both redress current trade imbalances and prevent us from losing ground in the future.

The Committee feels that a comprehensive trade-related education program must address several needs: eradicating illiteracy; updating vocational training to encompass new skills related to the competitive world market; and enhancing the math, science, and foreign language capabilities of students and teachers at all levels. All of these problems are affecting our nation's standing in the international marketplace. For example, an estimated $100 billion is lost each year in Gross National Product due to the existence of the 26 million or more adults who are illiterate or functionally illiterate. Similarly, we will continue to lose competitive ground unless vocational education responds to the structural changes in the economy. Without skilled scientists and mathematicians, we will lose our technological edge. Our inability to communicate in other languages costs us daily in our trade transactions abroad and at home.

Title I responds to these problems by authorizing three types of programs: Subtitle A authorizes a program of formula grants to States for trade-related education programs at the elementary and

secondary level; Subtitle B authorizes a program of discretionary grants to higher education institutions to improve instruction in key, trade-related areas; and Subtitle C authorizes a program for a national demonstration grant program in educational telecommunications. All of these programs would be administered by the Department of Education.

Title I authorizes $500 million for fiscal year 1987 and for each succeeding fiscal year. The appropriation is to be divided, with 80% available for the Subtitle A program and 20% for Subtitle B. For Subtitle C, the bill contains a separate, additional authorization of such sums as may be necessary.

Subtitle A—Education and Training To Strengthen the Competitiveness of Domestic Industry

The Subtitle A program aims to improve our nation's competitive position by three means: generally upgrading the literacy skills of the workforce; providing vocational training in skill areas that would strengthen domestic industry; and improving mathematics, science, and foreign language instruction to provide students with an adequate base of knowledge to compete in industry or enter advanced careers.

The bill would accomplish these goals by distributing funds to State educational agencies, which they could apportion among the three purposes according to their own particular needs. In those States in which the State board for vocational education is a separate agency, the vocational educational board and the State educational agency would have to reach agreement on the State plan for using these funds. Funds would be distributed to States according to a formula that gives equal weight to the relative number of unemployed persons within a State and the relative number of adults lacking a high school diploma.

State educational agencies would submit plans for receipt of the funds which describe how the funds will be used, what services will be provided, and how funds will be distributed within-State to those areas with the greatest needs. Agencies at the local level which are eligible to receive funds and provide services include local educational agencies, eligible recipients under the Adult Education Act or the Carl D. Perkins Vocational Education Act, community-based organizations and other agencies or organizations providing educational and training services of the type described in the bill. Not more than 5% of the grant may be used by the State for administrative costs.

Literacy programs under Subtitle A could address the needs of unemployed or underemployed individuals, displaced workers, out-of-school youth, and other illiterate adults, in order to help these target populations enhance their employability or benefit from additional education or job training. Vocational education programs would focus on workers who have been or are about to be adversely affected by foreign competition, unemployed or underemployed individuals to help them obtain and retain employment. Current employees would also be eligible for training that would help existing industries become more competitive. Training in high technology occupations is also authorized.

Subtitle A funds may also be used to improve instruction in math, science, and foreign languages at the elementary and secondary levels by addressing needs that are not being met under the Education for Economic Security Act; by preparing students for advanced courses and careers in these fields; and by developing the specific technological and foreign language skills required by local industries.

Subtitle B—Postsecondary Education Programs To Improve Instruction in Mathematics, Science, and Foreign Language

The Subtitle B program authorizes five new programs to expand and improve the foreign language skills and to encourage a greater number of students to both enter the fields of and to become highly trained in mathematics and science.

Fifty million dollars, or half of the amount authorized for this subtitle, would fund institutes, workshops, and partnerships. Summer institutes for intensive training in foreign languages and cultures critical to the national economy would be established on college campuses for high school students, college students, teachers and Americans engaged in international business. This program addresses the fact that while one out of six Americans owes his or her job to foreign trade, many jobs are lost because of foreign language deficiencies in our country. Furthermore, only 3 percent of all college students study a foreign language beyond two years. A second and third program under this subtitle respond to the widespread concern articulated in the recently circulated report of the National Science Board for the National Science Foundation, which states that undergraduate education in science, mathematics and engineering contains serious deficiencies that are harming this country's economy and security and that immediate attention should be focused on laboratory instruction, faculty preparation and curricula development. Intensive math and science workshops would provide preservice and inservice math and science teachers current information and skills in their rapidly changing fields while educational partnerships between institutions of higher education and local educational agencies would offer advanced instruction in math and science to high school students.

The remaining half of the funds authorized under this subtitle would establish grants to purchase laboratory and other special equipment suitable for use in providing undergraduate classroom instructions in mathematics and science along with workshops on the use of new equipment. Last year's regional meeting at the Massachusetts Institute of Technology made the repair of the R&D intrastructure of American universities the top priority for action in the field of higher education. In order to attract and encourage excellence in the field of mathematics and science universities and colleges must first have up-to-date equipment. The cost of repairing or modernizing equipment on these campuses is estimated at $30 billion to $40 billion.

Section 126 of the Committee-reported bill authorizes grants to postsecondary institutions for the establishment and operation of partnerships between postsecondary institutions and local educational agencies to provide advanced instruction in the areas of mathematics, science, and computer technology to secondary school

students. These partnerships will provide students with the opportunity to receive advanced instruction through the use of college level instructors, curriculum textbooks and equipment. The Committee believes that the program authorized under Section 126 will go a long way toward improving and expanding instruction for secondary school students in mathematics, science and computer technology.

Subtitle C—Educational Telecommunications

Subtitle C authorizes a national demonstration program in educational telecommunications. The Secretary of Education is authorized to provide grant assistance to a non-profit State corporation, on a matching basis, to design, develop and construct a model regional educational telecommunications network and technology resource centers. These centers would enable educational agencies and institutions at the elementary, secondary, and postsecondary levels to share resources and improve instruction in math, science, foreign languages, vocational education, continuing education, and basic and remedial educational skills.

TRAINING FOR INDUSTRIAL COMPETITIVENESS

Trade-Impacted Worker Assistance

The Committee believes that investments in training, retraining, and upgrading makes good economic sense. Joblessness and underemployment cost this nation an estimated $30 billion in assistance payments and lost revenue for each percent increase in unemployment. In addition, State and local tax bases shrink, making it more difficult for all levels of government to invest in the future.

The Committee bill establishes a new training program under Title IV of the Job Training Partnership Act which specifically addresses the adjustment needs of workers who have lost their jobs because of their employers' inability to compete with imports or the loss of export markets.

While there is no precise estimate of the numbers of trade-impacted workers, it is believed that a substantial number of dislocated workers have lost their jobs as a result of trade factors. A Census Bureau survey conducted in January 1984, and analyzed by the Bureau of Labor Statistics, estimated the number of dislocated workers remaining jobless as of that date at 1.3 million with an additional 730,000 who dropped out of the job market. Nearly half the displaced workers surveyed by the Census Bureau were from manufacturing sectors hard hit by international competition.

For these workers, the job loss is frequently of long duration, and in many instances, is permanent. The affected workers will never return to their prior employment as employers alter production methods, change product lines, move production overseas or otherwise reduce their labor force to become competitive in the world market. Of those workers who do find new jobs, at least half will take cuts in earnings.

In the Census Bureau survey, for example, 45 percent of the workers who reported their earnings had taken a pay cut, and two-thirds of those were earning less than 80 percent of their former income.

In another study, the Congressional Budget Office reported that dislocated workers are likely to experience long term wage losses. The more seniority a particular worker enjoys, the larger the loss of income. (Dislocated workers also must confront the fact that their pension and health benefits are often tied to their employment; when they lose their jobs, they lose their benefits. For that reason, the Committee has instructed the Secretary of Labor to study methods of implementing benefit portability for dislocated workers.)

The data suggest that the more skilled the occupation of the worker, the greater the prospect of finding work. According to the Census Bureau survey, approximately three out of four managerial and professional workers were reemployed and about two out of three technical and sales workers and skilled blue collar workers found employment. Conversely, less than half of the less skilled white collar workers and only two out of five laborers had found work.

For these workers, the road back to productive employment lies in retraining, education, and in some instances, relocation. The Government's employment and training programs for all dislocated workers serve only a small proportion of the eligible population. The major training program for dislocated workers, Title III of the Job Training Partnership Act, serves about 150,000 dislocated workers throughout the country, less than 5% of the eligible population. Training under the Trade Adjustment Assistance Act likewise serves only a small fraction of trade-impacted workers. In 1985, only 7,424 trade-impacted workers entered training.

The employment assistance activities authorized under the Committee bill are designed to supplement services otherwise available under Title III, the Trade Adjustment Assistance Act, or other training programs for which trade-impacted workers may be eligible for assistance. The Committee notes that these existing programs have not received adequate funding and, in fact, the funding for Title III has been reduced despite the fact that only a small minority of eligible workers are currently served. The Administration has proposed terminating the Trade Adjustment Assistance program in the Fiscal 1987 Budget.

The Committee bill contains several features which are expressly intended to meet the needs of trade impacted workers. First, the program is targeted by industry. Because of the very nature of our trade relationships, employment impacts of import and export competition tend to be felt industrywide, rather than by individual firms. The occupations and skills affected by trade impact and the barriers for employment tend to be similar for all dislocated workers in a given industry. Consequently, the employment effects of trade are frequently imbalanced regionally, and therefore not amenable to remedy by broad distribution of resources among all states.

Second, recognized that early intervention is the most effective means of adjustment for trade dislocated workers, the bill provides the Secretary the authority to fund retraining and employment assistance programs directly. It is intended that proposals for assistance will be approved on a competitive basis, and that eligible applicants for assistance will be public or private nonprofit organiza-

tions for example SDA's under JTPA, labor organizations, community based organizations, industry associations, joint labor-management committees and consortia or such entities.

Third, the bill establishes broad criteria for designating eligible industries to qualify for assistance. These criteria are similar to those established under the Trade Adjustment Assistance Act, including: 1) unemployment or underemployment for significant periods of time; 2) increase in imports or decrease in exports of goods produced or manufactured by the industry; 3) sales and production rates of the industry have substantially declined, and 4) designation as needing protection from unfair foreign competition.

Fourth, the bill authorizes provision of subsistance stipends during enrollment if the unemployed participant is not receiving unemployment compensation or trade readjustment allowances under the Trade Adjustment Act. The Committee notes that less than 35 percent of the unemployed currently receive unemployment compensation and among those who have been unemployed for 27 weeks or longer, the proportion is 1.3 percent. Experience under Title III Dislocated Worker programs indicates that few unemployed workers can undergo training without any assurance of income support during the training period.

Fifth, the bill authorizes a broad range of services to assist trade-impacted workers adjustment including job search assistance, basic skills and education, job training, pre-layoff assistance, supportive services such as transportation and financial and personal counseling, and relocation assistance. Again, the experience of the Title III Dislocated Worker program underscores the importance of educational assistance to such workers.

For example, the Downriver Community Conference in Southgate, Michigan, estimated that 30 percent of its dislocated worker clients read at or below the six-grade level and needed remedial education before they could be retrained. Similarly, the Career Development Institute at Cuyahoga Community College in Cleveland found that 25 percent of its clients tested between seventh and ninth-grade levels in reading and math. Some 35 percent more tested out between the fifth and seventh-grade levels. Nationwide, experts estimate that at least 20 percent of all dislocated workers need to improve their basic skills if they are to get jobs with good possibilities for advancement.

It is no surprise then that according to a recent study by the Office of technology Assessment (OTA), "it is clear that large numbers of audits lack adequate skills in reading, writing, mathematics, problem-solving, and communication." Without basic skill training. "these people will find it increasingly difficult to compete successfully for good new jobs once displaced, or to qualify for occupational skills training."

Finally, the bill does not require workers in a trade-impacted industry to meet lengthy certification requirements to be eligible for assistance. Rather, the Committee recognizes the importance of providing assistance before or soon after dislocations occur, and utilizes the eligibility criteria established under title III of JTPA including termination or notice of layoff.

The Committee intended that programs funded under this section shall be closely coordinated with services and activities funded

under Title III and Trade Adjustment Assistance, and that the funds authorized under this section shall be used to supplement funds available under Title III and Trade Adjustment Assistance.

Farmers Eligible for Trade-Impacted Worker Assistance

During its consideration of the bill, the Committee determined that agricultural industries, and specifically displaced farmers adversely affected by international competition should be eligible for participation under the Trade Impacted Workers Assistance Program established by the bill. Over the past four years, U.S. Agricultural exports have declined at an annual rate of 7 percent, with the value of agricultural exports falling from $43.8 billion in FY 1981 to a projected level of $29 billion in FY 1986. In addition, certain agricultural markets have been hurt by imports as well. As a direct result, many farmers are being forced out of farming and are consequently in need of transitional, job search, and job training assistance. By making this population eligible for such services under this program, the Committee recognizes the importance of beginning to serve displaced farmers, as well as industrial workers, in order to help them to move back into the mainstream of the economy.

Joint Labor-Management Training Programs

The Committee feels strongly that the country's ability to compete in international markets depends upon greater cooperation between labor and management and more efficient and productive utilization of human resources. One measure of our national trade policy must be whether or not it promotes or undermines the standard of living of American citizens. Where an employer's response to international market conditions is to reduce labor costs in such a manner as to undermine the standard of living of American employees, whether by exporting employment opportunities abroad or diminishing wages and working conditions at home, our national trade policy must be judged to have failed, regardless of the impact of such policies on the company itself. Likewise, when employees arbitrarily refuse to adjust to new and more efficient production methods or insist upon work rules or methods of production that are no longer viable, they, too, undermine national trade policy.

In the late twentieth century, technological change has proceeded at an unprecedented rate. Our success in competing in international markets, particularly in light of our comparatively higher living standards, is dependent not just on the ability of American producers to keep abreast of these changes, but on our ability to remain in the forefront of technological advancement. Therefore, the assistance provided under Section 493 is directed specifically at employers who are undertaking changes in operations intended to enhance their ability to compete in international markets. Such assistance, however, is to be limited to human resource development and is not to be extended for the purchase of new technologies, per se. The Committee realizes that the leasing or purchase of products or equipment may greatly facilitate the ability of the labor-management committees to assist eligible workers and does not mean to preclude such purchases or leasing arrangements. The Commit-

tee does expect the Secretary of Labor to keep a strict accounting of any federal funds used in such a manner. The Committee intends that the Secretary require that all federal funds to be so used be specifically identified in the contract required under subsection (e) entered into between the Secretary of Labor, the employer, and the labor-management committee. Where the equipment has been purchased rather than leased, the contract shall require the employer to reimburse the federal treasury for any federal funds that have been used in the purchase of the equipment upon fulfillment of the services to be provided under the contract unless the equipment is donated to a federal, state, or local governmental entity, or will continue to be used exclusively by the labor-management committee to provide assistance to eligible workers, or is donated to a nonprofit, tax exempt entity for the purpose of providing assistance to workers or the community.

The basic purpose of the funds provided pursuant to this section is to provide assistance to workers and to promote labor-management cooperation. The Committee does not intend for the assistance provided to be limited solely to those workers that the employer plans to retain. Assistance shall also be available to those employees who are to be displaced. Further, it is the intent of the Committee that the Secretary, in evaluating whether to award grants, give special consideration to the degree of labor-management cooperation that exists at the company requesting the grant and to the likelihood that an award of a grant to a company will promote cooperation between labor and management and enhance the ability of workers to influence events affecting their circumstances.

The Committee does not intend to limit the Labor-Management Committee's discretion and flexibility regarding the education and training offered. Rather, the intent is to have the administrative entity in a service delivery area serve as a conduit of information to assure that both those in need of education or training services are aware of the available services, and that the providers of such services are aware of the needs of the local job market. No requirement is placed on the Labor-Management Committee other than to describe any arrangements that have been made in this manner in its application.

The Committee has not sought to unduly limit the type of assistance that may be provided to eligible employees. The needs of employees and their company may vary greatly and the Committee does not wish to unnecessrily restrict areas in which workers and employers may seek to work together. For the same reasons, the Committee intends a broad definition of eligible employees. Any employee who may be displaced because of skill obsolescence or because of a modernization effort undertaken by an employer responding to international market conditions is potentially eligible. For example, employees at a plant scheduled to be closed because of the upgrading or opening of another plant may be eligible employees. In addition, as indicated above, employee[illegible]m an employer desires to retain, but whose skills are in need of enhancement or upgrading, are not to be deemed ineligible simply because the employer has no immediate plans to terminate them. Rather than attempting to make a determination in the abstract as to how

funds might best be used, the Committee has left such determinations to the discretion of the Secretary, to be made on a competitive basis among requests for such funds as may be available under this section, except to the extent that the training must be additional to training programs already provided or required to be provided. It is the Committee's expectation, however, that the purposes for which federal assistance is provided will be specified by contract as required under subsection (e) between the Secretary, the employer and the labor-management committee. Also, in order to provide a direct connection between the government funds and affected workers, the Committee has provided that only labor-management committees representing employees at or operating out of a single site are eligible for grants under this section. It is not the intent of the Committee to preclude a single employer from obtaining more than one grant.

The Committee has been more specific in defining how the labor-management committees are to be constituted. This specificity reflects the Committee's concern that funds provided pursuant to this section be used to promote labor-management cooperation and employee participation in decisions affecting their future. There must be at least as many employee representatives on the labor-management committee as there are management representatives and the decisions of the labor-management committees must be by mutual agreement of a majority of the employee representatives and a majority of the employer representatives. Where eligible employees have designated a union to act as their representative, those employees must be represented on the labor-management committee and must be the represented by their union. The Committee intends that the Secretary will review requests for funds under this section to ensure that the employer has not sought to exclude organized employees from participation on the labor-management committees. Finally, the Secretary is not to provide any funds to any labor-management committee where the Secretary may have reason to believe that the funds will be used, either in whole or in part, to interfer with the collective bargaining process in any plant or industry or to inhibit employees in the exercise of their rights under section 7 of the National Labor Relations Act.

The Committee does not limit the availability of funds to those circumstances where employees have designated an exclusive representative. Where employees have not chosen a union as their bargaining agent, those employees may be represented on a labor-management committee by representatives of their own choosing. The Committee requires that the representatives be chosen in a secret ballot election to be conducted by the employer and the employees and that the candidates be limited either to the nonunion employees themselves or, if the employees so choose, a labor organization as defined by the National Labor Relations Act may be chosen by the nonunion employees for the sole purpose of acting as their representative on the labor-management committee. In order to facilitate the creation of labor-management committees, the Committee has not sought to have a third party conduct the election. The determination of how many representatives of nonunion employees there should be, if any, has been left to the employer and the employees, so long as the ratio of nonunion representatives

to union representatives does not exceed the ratio of nonunion employees to union employees among the eligible workers. The Committee has restricted who may serve as a representative of the nonunion employees in order to provide greater assurance that the representative of the nonunion employees acts in the interest of those employees. Further, the Committee intends that the Secretary consider the extent to which eligible employees are represented on the labor-management committees in awarding grants. Finally, the employer must certify that the provisions of this section have been and will be complied with when a request for funds is made.

The labor-management committees are to be voluntary. An employer need not establish such a committee unless he or she desires to apply for funds made available under this section. Nor may an employer require employees to participate in such committees. Existing labor-management committees may also be terminated pursuant to subsection (f) simply by notifying the Secretary that either a majority of the employee representatives or a majority of the employer representatives, or both, no longer desire to participate in the activities of the labor-management committee. Such notice must be provided in writing to the chairperson of the labor-management committee, as chosen pursuant to subsection (d)(5). For a limited period, the chairperson may seek to persuade the representatives to continue the labor-management committee, but unless a majority of the employee representatives and a majority of the employer representatives agree to withdraw the notice, the chairperson must forward the notice to the Secretary within ten days. Receipt of the notice shall preclude the Secretary from awarding any additional funds to that labor-management committee. While the Committee intends that such funds as have already been obligated by contract as provided under subsection (e) shall continue to be administered in accordance with the requirements of the contract by a labor-management committee that has provided notice of intent to disband, the Committee expects that upon termination of the labor-management committee, unexpended federal funds provided for the administration and operation of the labor-management committee and for activities which the labor-management committee will be unable to undertake will be returned to the federal treasury. The Committee intends that the Secretary shall ensure that contracts required under subsection (e) contain provisions to accommodate this need.

The Committee intends that it shall not be unlawful for an employer to provide assistance to labor-management committees, provided that the labor-management committee has been established and is operated pursuant to the provisions of this section. Further, where it is not unlawful for an employer to provide assistance to a labor-management committee, it shall not be unlawful for an employee representative on the labor-management committee to request such assistance. The exemption the Committee has provided is a limited one. For example, providing payment or other things of value in violation of section 302(a)(3) or 302(a)(4) of the "Labor-Management Relations Act, 1947" would constitute a violation of those provisions and of this section. Likewise, requesting payments that, if made, would be a violation of section 302(a)(3) or section

302(a)(4) would also constitute a violation of the "Labor-Management Relations Act, 1947" and of this section.

Where both the employer and employee representatives agree, someone from outside the plant, not otherwise employed by or under contract to the employer, may be employed as chairperson of the labor-mangement committee. Such an individual may be a retired employee of the employer. Ideally, in addition to being well known and trusted by both labor and management, such an individual will possess knowledge, skills, or contracts that may not otherwise be available to the labor-management committee.

While federal funds may be used for no more than 50 percent of the total costs of establishing and operating the programs of the labor-management committee, the salary of the chairperson, if the chairperson is designated pursuant to subsection (d)(5)(A), may be paid in whole from federal funds. Otherwise, to the extent that representatives on the labor-management committee are compensated, federal funds may constitute no more than 50 percent of such compensation, provided the services being compensated are specifically performed on behalf of the labor-management committee, are services that the employer would not otherwise have performed, and are apart from normal or typical duties of the representatives. In addition, the Committee intends that employee representatives may not be compensated at a rate less than the employer representatives for similar services and, unless the compensation is for a unique or specific service, all employee representatives must be compensated equally.

Demonstration Program

There has been substantial interest in a variety of approaches to the provision of assistance to dislocated workers, including more extensive use of the tax code, promoting reemployment through the use of temporary wage supplements to narrow the gap between a worker's previous job and a potential new but lower paying job, and Individual Retirement Accounts, among others.

The Committee believes that these and other approaches deserve a close look. It also believes that direct worker retraining payments, with appropriate limitations on how these funds may be spent, merit a demonstration program to test some popular but untested hypotheses. These include the idea that, since the GI bill provided veterans of the Armed Services with grants to pursue the education they wanted and worked as well; applying a similar approach to retraining could work equally well. Direct retraining payments could provide the displaced worker with significant flexibility to respond to a variety of circumstances. Finally, the concept of direct payments assumes that dislocated workers have insights not only into their own situation, but also understand the area in which they live and are able to gauge career paths that are most likely to result in gainful employment and productive work lives.

As a result, the Committee bill directs the Secretary of Labor to conduct a program to demonstrate the feasibility of providing worker retraining payments, not to extend $4,000, to eligible workers to permit them to purchase their own job search, education, training, and retraining services from certified providers. The Committee assumes that this demonstration will last for two years and

requires that a report evaluating the success of the demonstration will be sent to Congress within six months after the conclusion of the study.

State Job Bank Systems

The Committee bill authorizes a 4-year program for establishing computerized job bank systems in all States. For each of fiscal years 1987 through 1990, 10 percent of the sums appropriated for Title II of the bill would be available for this job bank authorization. Accordingly, the Committee envisions that up to $50 million would be available annually for this purpose.

The Committee is interested in the automation of public employment services throughout the Nation to bring a far greater number of job-seekers and potential employers together in an efficient and timely manner.

State employment service agencies show widely varying stages of readiness in computerizing their job matching and labor market information systems.

Fewer than half of the States are operating automated job matching systems and these are generally limited to urban areas. Some have on-line computer capacity; several provide batch output only. Some State systems still rely upon manual systems for filing paper or card job applications and orders. Regardless of where each individual State is in establishing an automated job matching and labor market information network, every effort should be made by States, through this program, to extend their computerized systems to rural as well as ubran areas.

State job bank systems should utilize computers not only for matching employers and jobseekers but also to display, in an understandable and appealing fashion, occupational supply and demand information and projected trends. The Committee encourages State employment service agencies to develop systems that concentrate on identifying industries which are hiring, and skills areas for which there is a demand, providing better linkages between businesses, job-seekers, and the agencies. Such systems should be accessible by libraries and schools. In particular, career information delivery systems (including school career counseling programs) should utilize these job bank systems.

The Job Training Partnership enacted in 1982 contained provisions designed to produce better occupational supply and demand information. The legislation provided the key role in coordinating the development of occupational supply and demand information to National and State Occupational Information Coordinating Committees. The information so developed should be used in the statewide job bank systems.

The Committee bill provides the U.S. Employment Service in the Department of Labor with substantial discretion in assisting the States. The great differences among the States, in terms of system development, compel the Committee to adopt this flexible approach. However, the Committee expects the U.S. Employment Service to give priority attention to completing a 4-year plan to achieve the goals of the legislation and to submit such plan to the authorizing and appropriations committees of Congress. The Committee expects to be kept fully abreast of progress in the various

phases of implementing the system of State job banks throughout the 4-year period.

The Committee bill emphasizes the importance of having systems which are compatible with other related systems. Information should be interchangeable among job placement, occupational information, and employment insurance programs as well as work incentive programs and management information systems throughout the employment and training system. Such compatability is essential not only within States but among States, as well with the Federal Government's regional and national offices.

The U.S. Employment Service should establish standard criteria and provide needed technical assistance to achieve those results. At the same time, the Committee stresses the requirement that users and potential users are to be directly involved and consulted in the development and implementation of such systems, with special consideration to the advice and recommendations of the National and State Occupational Information Coordinating Committees.

Study of Benefit Portability

Section 204 of the Committee bill requires the Secretary of Labor to undertake four different studies. These studies are intended to provide Congress, the Administration, and the public with information that is not readily available presently and to assist public and private officials in the development of policies which accurately reflect the needs of our citizens.

Section 204(a) requires the Secretary of Labor to undertake a study of methods of implementing portability for pension and health benefits for dislocated workers and to evaluate the benefits of providing early retirement benefits without penalty for older dislocated workers. One of the greatest long term losses dislocated workers experience is the forfeiture of pension and health and welfare benefits. Dislocated workers suffer significant injuries in that they may have a significant number of years of service contributed to these benefits which may be forfeited, the benefits earned are frequently less than the dislocated worker anticipated being able to earn and typically the dislocated worker is closer to retirement age when these benefits will be needed. Dislocated workers who find subsequent employment are unlikely to earn benefits under their new employer equivalent to the benefits they will have earned otherwise.

Under current law, credits toward benefits earned at one employer typically are not transferable to the employee benefit plan of another employer. In the case of dislocated workers, a portability system may be effective in retaining the benefits accrued by these workers. Those dislocated workers who are close to retirement age at the time of their termination frequently have a more difficult time finding new employment. For those workers, the provision of early retirement benefits may provide a more efficient means of ensuring the worker has an adequate income.

Data on Mass Lay-offs

Section 204(b) requires that, as part of the annual report of permanent layoffs and plant closings already required to be undertaken pursuant to Section 462(e) of the Job Training Partnership Act,

the Secretary shall seek to identify those layoffs and closings that are trade related. It is the intent of the Committee that this information be clearly distinguished from such other information as is developed in this study. The Committee commends the Secretary of Labor, and specifically the Bureau of Labor Statistics, for the efforts that have already been made to conduct this study, but strongly urges that the preparatory phase of the study be concluded in a timely fashion and that the full study be implemented as quickly as is appropriate, the provisions of this section notwithstanding. It is not the Committee's intent that the provisions of this subsection of the bill impede or detract from such reports and studies as the Bureau of Labor Statistics is currently undertaking.

Data on Displaced Farmers and Ranchers

Section 204(c) amends Section 462 of the Job Training and Partnership Act to require that the Secretary, in coodination with the Secretary of Agriculture, develop statistical data relating to permanent dislocation of farmers and ranchers due to farm and ranch failures.

In order to adequately identify those farmers and ranchers who would qualify for assistance under Title II of the bill, the Committee accepted an amendment that would require the Secretary of Labor, in coordination with the Secretary of Agriculture, to compile data identifying farmers and ranchers who have been displaced due to farm and ranch failures, and to further identify those failures due at least in part to International competition. Patterned after the data collection requirement on permanent layoffs and plant closings under the "Cooperative Labor Market Information Program", this provision adds a new subsection (f) to Title IV, Section 462 of the Job Training Partnership Act and would provide the Department of Labor and the Congress with data needed to determine the amount of need within the agricultural community for retraining under JTPA, and specifically under this legislation. Currently, displaced farmers are eligible for services under JTPA, provided they meet the standard eligibility criteria set forth in the Act, however neither the Department of Labor, nor the Department of Agriculture have an adequate accounting of this population. In addition to requiring the Department of Labor to collect this data, the Department has been directed to report its finding to the Congress on an annual basis. In response to concerns that displaced farmers and ranchers are currently underrepresented in annual unemployment statistics, the Committee has required the Department to compare its findings with data used by the Bureau of Labor Statistics in determining the Nation's unemployment rates in order to ascertain whether or not this population is indeed undercounted. This provision will provide the Department of Labor and Congress with valuable information in meeting the retraining needs of this portion of the work force. It is not the Committee's intent that the provisions of this subsection of the bill impede or detract from such reports and studies as the Bureau of Labor Statistics is currently undertaking.

Internationally Recognized Worker Rights

Section 204(d) requires the Secretary of Labor to conduct a study identifying countries that fail to recognize and enforce internationally recognized worker rights. It is the view of the Committee that the recognition and protection of the basic and essential rights of workers by the countries with whom we compete is necessary if the rights of American citizens and our own economic health are to be effectively advanced.

The Committee is aware that annual reports to the Congress on the status of internationally recognized worker rights in countries receiving trade preferences are now required, pursuant to Section 505(c) of the Trade Act of 1974, as amended by Title V of the Trade and Tariff Act of 1984. It is the Committee's intent that this study and report to the Congress supplement the annual human rights country reports by providing an objective, strictly factual determination, free of foreign policy considerations, on the extent to which internationally recognized worker rights are protected by law and in practice in each of the countries on which reports are prepared.

The Committee notes a growing tendency of some foreign governments to establish designated zones, so-called free trade or export processing zones, that are exempted from the labor laws and standards that otherwise are generally applied to workers within their borders. It is the Committee's intent that this study and report also identify such zones where they exist and describe the status of internationally recognized worker rights within them, including whether those rights are different from those generally existing in those countries.

The Committee intends that the Secretary of Labor, in compiling this annual study and report to the Congress, define internationally recognized worker rights in a manner consistent with the following:

1. The right of association is intended to include the right of individuals to establish and join organizations of their own choosing without previous authorization; to draw up their own constitutions and rules, elect their representatives, and formulate their programs; to join in confederations and affiliate with international organizations; and to be protected against dissolution or suspension by administrative authority.

2. The right to organize and bargain collectively is intended to include the right of workers to freely choose their own representatives for the purpose of negotiating collectively with employers to improve wages and working conditions, and negotiating the prevention and settlement of disputes; the right to protection against interference; and the right to protection against acts of antiunion discrimination. Governments should promote machinery ensuring the ability of workers to seek to improve their circumstances through their own organizations and ensuring the fair resolution of disputes between employers and employees and their organizations in a manner that accounts for legitimate needs and asperations of workers. The right to strike is not inherent in the right to organize and bargain collectively, though its absence is frequently indicative of a lack of meaningful rights. Reporting on restrictions affecting the

ability of workers to strike should include information on any procedures that may exist for safeguarding workers' interests.

3. Forced or compulsory labor is intended to be defined as work or service exacted from any person under the menace of penalty and for which the person has not volunteered. Compulsory military service, certain civic obligations, certain forms of prison labor, work exacted in emergencies, and minor communal services normally are not considered to fall within the prohibition against forced or compulsory labor. It is the Committee's intent, however, that the Secretary, to the extend possible, identify producers operating outside of the United States that produce goods or services for international trade utilizing forced or compulsory labor, including labor or services performed by military or civilian draftees or prison convicts, in addition to identifying countries that do not prohibit forced or complusory labor.

4. A minimum age for the employment of children is intended to be defined as an effective abolition of child labor by raising the minimum age for employment to a level consistent with the fullest physical and mental development of young people and the prohibition of the employment of children in hazardous conditions or at night.

5. Acceptable conditions of work with respect to minimum wages, maximum hours or work, and occupational safety and health are intended to be defined as the establishment and maintenance of machinery, adapted to national conditions, that provides for minimum working conditions. Minimum wages are wages that provide a decent living for workers and their families and which ensure a distribution of income sufficient for the development or enhancement of a domestic market within the country in question. Maximum hours of work are working hours that do not exceed 48 hours per week with at least one full 24-hour rest day and a specified annual paid holiday. Acceptable conditions of occupational safety and health are minimum conditions necessary for the protection of the lives and health of workers.

It is the Committee's intent that where the Secretary identifies a country that does not provide or enforce internationally recognized worker rights the Secretary shall identify the major products produced within that country for international trade. In addition to identifying the status of internationally recognized worker rights in other countries, it is the intent of the Committee that the Secretary identify, to the extent possible, producers operating outside of the United States, including American corporations operating outside of the United States, who are producing goods or services for international trade who do not provide conditions of employment consistent with these rights. It is not the intent of this subsection to require reports on producers operating within the United States. Further, where a country has enacted laws which protect internationally recognized worker rights and makes a good faith effort to enforce those laws, it is not the intent of this subsection to require the Secretary to investigate any producer operating within that country. Where a country, however, allows any producer to operate in violation of internationally recognized worker rights, either intentionally or through willful negligence, it is the intent of the Committee that the Secretary identify the country as one that does

not provide or enforce internationally recognized worker rights and state the reasons for so finding.

Committee Findings

With reference to the statement required by clause 2(l)(3)(A) of Rule XI of the Rules of the House of Representatives regarding any findings or recommendations pursuant to this Committee's oversight reviews or studies, this legislation is responsive, in part, to concerns expressed in the course of hearings on illiteracy by the Subcommittee on Elementary, Secondary, and Vocational Education, and hearings on needs of dislocated workers by the Subcommittee on Employment Opportunities.

Inflationary Impact Statement

Pursuant to clause 2(l)(4) of Rule XI of the Rules of the House of Representatives, it is the Committee's estimate that the enactment of this legislation will have no inflationary impact on prices and costs in the operation of the national economy. Indeed, improving America's competitiveness should contribute toward the reduction of inflationary pressures.

Oversight Findings and Recommendations of the Committee on Government Operations

In compliance with clause 2(l)(3)(D) of Rule XI of the Rules of the House of Representatives, no findings or recommendations of the Committee on Government Operations were submitted to the Committee with reference to the subject matter specifically addressed by this legislation.

Section-by-Section Analysis of H.R. 4728 as Reported

Sec. 1. Short Title

This section provides that the legislation may be cited by its short title as the "Education and Training for American Competitiveness Act".

Sec. 2. Findings and Purposes

This section sets forth the legislative findings and purposes.

TITLE I—EDUCATION FOR AMERICAN COMPETITIVENESS

Sec. 101. Authorization of Appropriations

For the education program in title I of this bill, $500 million is authorized for fiscal year 1987 and for each succeeding fiscal year. Of this amount, 80% shall be available for the elementary and secondary education program under Subtitle A and 20% for the higher education program under Subtitle B.

Sec. 102. Definitions

This section defines the terms used in this title.

SUBTITLE A—EDUCATION AND TRAINING TO STRENGTHEN THE COMPETITIVENESS OF DOMESTIC INDUSTRY

Sec. 111. Program Authorized

Subtitle A of Title I authorizes the Secretary of Education to make grants to State educational agencies, on a formula basis, for programs to improve the education and skills of current and future workers through literacy training, vocational education, and elementary and secondary mathematics, science, and foreign language education.

Sec. 112. Allotment to States

Subtitle A grants are to be distributed to State educational agencies on the basis of the following formula: one-half of the funds are to be allocated based on States' relative numbers of unemployed individuals; the remaining one-half shall be allocated based on States' relative numbers of adults without a high school diploma.

Sec. 113. State plans

In order to receive Subtitle A funds, a State educational agency must submit a plan. In States where the State board of vocational education is a separate agency, that board must approve the plan.

Subtitle A gives States the flexibility to target funds on three priority areas (literacy, vocational education, or mathematics, science and foreign language education) according to their own needs. However, Section 113 requires States to describe in their plans the types of services to be provided and the relative portions of funds to be used for each of these three purposes.

The plan must also: (1) describe how local service providers will be selected; (2) describe how funds will be distributed to service providers with the greatest need for services; and (3) assure that funds will be used to supplement and not to supplant other State and local money. States are encouraged to coordinate services under this program with those provided under Title II of the Act.

Sec. 114. Literacy Training

Subtitle A funds may be used for literacy training for uemployed and underemployed individuals, displaced workers, and illiterate adults and out-of-school youth, to improve the basic skills of these individuals to enhance their employability or to help them benefit from job training.

Sec. 115. Vocational Training Services

Subtitle A funds may be used for vocational training:

(1) for workers who have been or are about to be negatively affected by foreign competition, to help them obtain and retain employment and upgrade their skills;

(2) for unemployed or underemployed persons to obtain and retain employment in new, expanding or export-related industries;

(3) for upgrading the workforce to make existing industries more competitive; and

(4) for high technology occupations or to meet technological demands in other industries.

Sec. 116. Education in Mathematics, Science, or Foreign Languages

Subtitle A funds may be used is to improve mathematics, science and foreign language instruction at the elementary and secondary level. These include programs to:

(1) address supplemental needs in mathematics, science, and foreign languages that have not been addressed by the existing programs under the Education for Economic Security Act. Examples of such Subtitle A activities would be partnership programs with industry, advanced summer programs for secondary students, and interdisciplinary programs combining mathematics, science, and foreign languages;

(2) enable students to begin preparation for advanced courses and careers in science, engineering, mathematics, and technology; and

(3) programs to develop the specific technological and foreign language skills needed by local business and industry.

Sec. 117. Eligible Service Providers

The State educational agency may enter into agreements with the following institutions to provide services under subtitle A: local educational agencies, eligible recipients of funds under the Adult Education Act or under the Carl D. Perkins Vocational Education Act, the State board of vocational education or other agencies of the State providing education and training services allowable under this subtitle. For these purposes, community-based organizations shall be considered eligible service providers.

Sec. 118. Limitation on Administration Costs

Administrative costs under Subtitle A are limited to not more than 5% of each State's allocation.

SUBTITLE B—POSTSECONDARY EDUCATION PROGRAMS TO IMPROVE INSTRUCTION IN MATHEMATICS, SCIENCE, AND FOREIGN LANGUAGE

Sec. 121. Programs Authorized

Subtitle B authorizes postsecondary education assistance to improve instruction in mathematics, science and foreign language through a variety of means. Specifically, the Secretary of Education is authorized to make grants to institutions of higher education for summer institutes and workshops; for acquiring laboratory and math and science equipment; or for performing a combination of these activities.

Sec. 122. Selection of Grant Recipients

The Secretary of Education is required to award Subtitle B grants on a competitive basis; however, there must be an equitable geographic distribution, and the award to any institution or consortium of institutions is restricted to not less than $100,000 or more than $500,000 for any fiscal year. The Secretary shall use one-half of the funds appropriated for subtitle B for Section 124 activities and one-half the funds for Section 125 activities.

Sec. 123. Applications

Institutions of higher education or consortia of such institutions desiring Subtitle B funds shall submit applications to the Secretary that describe the activities to be funded; assure that no less than one-half the cost will come from non-Federal sources and describe the resources to be used; and contain such other information as the Secretary may require.

Sec. 124. Summer Institutes and Workshops

Half of the Subtitle B grants shall be used for a summer institute, and workshop or educational partnership program. The following activities are authorized:

(1) summer institutes providing intensive training in foreign languages and cultures critical to the national economy for secondary and postsecondary students; for language teachers and faculty to improve language proficiency and pedagogical techniques; and for business people, on a cost reimbursement basis, to improve their effectiveness in doing business abroad;

(2) intensive workshops for preservice and inservice training of mathematics and science teachers and faculty to demonstrate the most recent developments in science, technology and mathematics, and their application to improving our economic development and foreign trade activities;

(3) educational partnerships for high school students outlined in Sec. 126; and

(4) stipends for students, teachers and faculty to attend these institutes.

Higher education institutions are encouraged to provide study abroad in the foreign language summer institutes and to use the resources of the host country to meet the matching requirement. These higher education institutions are also encouraged to involve State and local governments, labor, business and industry in planning for the math and science workshops.

Sec. 125, Acquisition and Use of Equipment

Half of the Subtitle B funds shall be used for grants to higher education institutions for undergraduate instructional equipment. Specifically, these grants would support the purchase of laboratory and other special equipment suitable for use in providing education in the sciences and math and would also support workshops for secondary, vocational, and postsecondary teachers on the use of such equipment.

Sec. 126. Educational Partnership Programs

Educational partnerships between institutions of higher education and local educational agencies would be established to provide advanced instruction to students in the areas of mathematics, science and computer technology. Among the uses of funds permitted would be to cover costs associated with resource sharing, stipends for faculty or staff, development of curricula, acquisition of textbooks, and the transportation costs of students.

SUBTITLE C—EDUCATIONAL TELECOMMUNICATIONS

Sec. 131. National Educational Telecommunications Demonstration Program

The Secretary of Education is authorized to provide grant assistance to a non-profit State corporation to pay the Federal share of costs for a model regional advanced telecommunications network and technology resource centers.

TITLE II—TRAINING FOR INDUSTRIAL COMPETITIVENESS

Sec. 201. Authorization of Appropriations

Title II appropriations would be authorized at $500 million for Fiscal Year 1987 and such sums as may be necessary for each succeeding fiscal year.

Sixty percent of the total shall be available to carry out the newly authorized Title IV, Part H of the Job Training Partnership Act (Section 492).

Twenty percent of the total shall be available to carry out the purposes of Joint Labor-Management Training Programs (Section 493).

Nine percent shall be available for two years to establish a program to demonstrate the feasibility of providing worker retraining payments, not to exceed $4,000 to workers.

Ten percent shall be available for four years for the U.S. Employment Service to develop computerized electronic data processing and telecommunications for identifying job openings, referrals, and other purposes.

One percent shall be available for the studies under Section 204 of the bill.

For the fiscal years following the end of earmarked percentages for the demonstration program and the job bank assistance program, their percentages would be apportioned among the remaining earmarks.

Sec. 202. Training Programs Under the Job Training Partnership Act

Title IV of JTPA is amended by adding "Part H—Training for Industrial Competitiveness".

The proposed new Section 491 provides for authorizations for two new provisions of JTPA, Trade-Impacted Worker Assistance and Joint Labor-Management Training Programs.

The proposed new Section 492(a)(1) sets forth findings for this new Part H.

The proposed new Section 492(b)(1) provides that, from the funds available, the Secretary shall, on a competitive basis, provide financial assistance to programs providing training and employment assistance to workers adversely affected by international trade.

The proposed new Section 492(b)(2) provides that eligible applicants shall be public or private non-profit entities (including but not limited to administrative entities for JTPA service delivery areas, State and local government agencies, labor organizations, industry associations, joint labor-management committees, and community-based organizations) and consortia of any such entities.

The proposed new Section 492(c) sets forth eligiblity criteria. Individuals shall be eligible if he or she is or was employed in such an industry, including agriculture, and meets the criteria established elsewhere in the Act.

The proposed new Section 492(d)(1) provides that an eligible individual may be provided with intensive job search assistance, basic skills and other educational training; job training; job development; training in job skills for which demand exceeds supply; supportive services; pre-layoff assistance; and relocation assistance.

The proposed new Section 492(d)(2) provides that an individual may receive a subsistence stipend during enrollment in a training program if that individual is not unemployed and is not receiving unemployment compensation or trade readjustment allowances.

The proposed new Section 493(a) provides that the Secretary Labor shall determine if an industry, including agriculture, has been adversely affected by international trade.

The proposed new Section 492(a) provides that the Secretary shall award grants on a competitive basis to labor-management committees to provide training, retraining, and education to workers but limits the size of the grant to no more than 50% of the costs of establishing and operating the training, retraining, and education program.

The proposed new Section 493(b) provides that in order to be eligible for a grant:

(1) the labor-management committee must have been established by voluntary agreement between an employer and workers at a single site and that the employer has certified willingness to abide by that agreement;

(2) the labor-management committee is not intended and will not interfere with the collective bargaining process or discourage employees from the exercise of their right to engage in collective activity or refrain therefrom;

(3) the grant is to be used in connection with efforts of the employer to update production methods in order to remain or become competitive in international markets;

(4) the employer has obtained or will provide the remainder of the funding necessary;

(5) that training, retraining or education to be provided is in addition to that which is normally or typically provided;

(6) that both the services to be provided and the source of those services are specifically identified; and

(7) the labor-management committee must provide a description of arrangments that have been made with the administration entry for a service delivery area. The administrative entity will serve in a "brokering" capacity to insure that providers understand the needs of the local job market and that those in need of services are aware of the available services.

The proposed new Section 493(b) also defines employees eligible for the program provided as those who are at risk of losing employment as a result of skill obsolescence or the employer's efforts to remain or become competitive in international markets.

The proposed new Section 493(c) describes the assistance to be provided to eligible employees and includes early warning adjustment services in the event of a large layoff or closing, career coun-

seling, on-the-job training, institutional training, tuition assistance, and educational training.

The proposed new Section 493(d) specifies how the labor-management committtees are to be constituted and provides:

(1) that there be at least as many employee representatives as employer representatives;

(2) that where eligible employees are organized they must be represented on the committee and their union shall serve as their representative;

(3) that where eligible employees are not organized they may choose their representative in a secret ballot election from among themselves or they may choose a union to act as their representative for the sole purpose of representing them on the committee;

(4) that decisions of the committee must be by mutual agreement of a majority of the employee representatives and a majority of employer representatives; and

(5) that the committee by mutual agreement of the employee and employer representatives may chose someone not otherwise employed by the employer to act as chairperson or may chose a chairperson from among the employee representatives.

The proposed new Section 493(e) provides that the labor-management committee and the employer shall enter into a contract with the Secretary.

The proposed new Section 493(f) provides that, upon receipt of notification of the dissolution of the labor-management committee, funding shall cease.

The proposed new Section 493(g) provides that nothing in this section shall be construed as affecting the terms or conditions of any collective bargaining agreement, and provides a limited exemption to the provisions of the National Labor Relations Act barring payments by employers to employee representatives.

The proposed new Section 494 amends Title IV of JTPA to provide that the Secretary of Labor shall conduct a study demonstrating the feasibility of providing worker retraining payments, not to exceed $4,000, to permit eligible workers to purchase their own services from entities certified by State job training coordinating councils.

Sec. 203. Job Banks

This section amends Title V of JTPA to provide to the U.S. Employment Service funds to develop computerized electronic data processing and telecommunications for the purpose of identifying job openings, referral, occupational demand and career information.

Sec. 204. Studies

Subsection (a) provides that the Secretary of Labor shall conduct a study of methods of implementing portability of pension and health benefits for dislocated workers. The study will also evaluate the benefits of providing early retirement benefits without penalty for older dislocated workers.

Subsection (b) amends Section 462(e) of JTPA to add to the Mass Layoff and Plant Closing study those mass layoffs and closings that are caused by, or are substantially related to, international trade.

Subsection (c) provides that the Secretary of Labor shall, in coordination with the Secretary of Agriculture, develop data on dislocated farmers and ranchers.

Subsection (d) provides that the Secretary of Labor shall conduct a study to identify countries that fail to recognize and enforce, and producers that fail to comply with, internationally recognized worker rights. An annual report is required to be submitted to Congress.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

JOB TRAINING PARTNERSHIP ACT

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TITLE IV—FEDERALLY ADMINISTERED PROGRAMS

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PART E—LABOR MARKET INFORMATION

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COOPERATIVE LABOR MARKET INFORMATION PROGRAM

SEC. 462. (a) * * *

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(e) The Secretary shall develop and maintain statistical data relating to permanent lay-offs and plant closings. The Secretary shall

publish a report based upon such data, as soon as practicable, after the end of each calendar year. Among the data to be included are—

(1) the number of such closings;
(2) the number of workers displaced;
(3) the location of the affected facilities; [and]
(4) the types of industries involved[.] *and*
(5) the mass layoffs or closings that are caused by or substantially related to international trade.

(f)(1) The Secretary shall develop, in coordination with the Secretary of Agriculture, statistical data relating to permanent dislocation of farmers and ranchers due to farm and ranch failures. Among the data to be included are—

(A) the number of such farm and ranch failures;
(B) the number of farmers and ranchers displaced;
(C) the location of the affected farms and ranches;
(D) the types of farms and ranches involved; and
(E) the farm and ranch failures that are caused by or substantially related to international trade.

(2) The Secretary shall publish a report based upon such data as soon as practicable after the end of each calendar year. Such report shall include a comparison of data contained therein with data currently used by the Bureau of Labor Statistics in determining the Nation's annual employment and unemployment rates and an analysis of whether farmers and ranchers are being adequately counted in such employment statistics.

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PART H—TRAINING FOR INDUSTRIAL COMPETITIVENESS USE OF FUNDS

SEC. 491. From the funds available to carry out this part, the Secretary shall—

(1) provide training and employment assistance to trade-impacted workers in accordance with section 492;
(2) provide financial and technical assistance to labor-management committees in accordance with section 493; and
(3) establish demonstration programs to improve worker adjustment to changing world markets in accordance with section 494.

TRADE-IMPACTED WORKER ASSISTANCE

SEC. 492. (a)(1) The Congress finds that—

(A) the vast majority of trade-impacted workers are production employees of manufacturing industries and agriculture whose income losses and barriers to reemployment are generally higher than those for other dislocated workers;
(B) programs of assistance for trade-impacted workers are most effective when delivered before or soon after the dislocations occur; and
(C) because import and export competition tends to affect employment opportunities in entire industries and not merely in specific firms, and because the skills, work experience, and bar-

riers to reemployment are similar for dislocated workers from a given industry, industry-wide programs of adjustment assistance are the most efficient way to aid trade-impacted workers.

(2) It is the purpose of this section to assist individuals injured by import competition to adjust to new economic circumstances and to find stable productive employment.

(b)(1) From the funds available to carry out this section, the Secretary shall, on a competitive basis, provide financial assistance to programs established under this section that provide training and employment assistance to workers in industries that are determined by the Secretary, in accordance with subsection (e), to have been adversely affected by international trade.

(2) For purposes of applying for such financial assistance, eligible applicants shall be public or private nonprofit entities (including, but not limited to, administrative entities under section 103(b)(1)(B) of this Act, State and local government agencies, labor organizations, industry associations, joint labor-management committees, and community-based organizations) and consortia of any such entities.

(c) An individual shall be eligible for services under this section if such individual—

(1) is or was employed in such an industry; and

(2) meets the criteria contained in section 302(a) of this Act.

(d)(1) An eligible individual under subsection (c) may be provided with—

(A) intensive job search assistance;

(B) basic skills training and other educational assistance;

(C) job training;

(D) job development;

(E) training in jobs skills for which demand exceeds supply;

(F) supportive services, including commuting assistance and financial and personal counseling;

(G) pre-layoff assistance; and

(H) relocation assistance.

(2) Such an individual may also receive a subsistence stipend during enrollment in a program described in paragraph (1) if that individual is unemployed and is not currently receiving unemployment compensation or trade readjustment allowances.

(3) Services provided under this section shall be in addition to, and shall be coordinated with, services provided under title III of this Act and shall supplement and not supplant any other federally assisted training assistance or services.

(e) The Secretary shall, by regulation, prescribe criteria for determining if an industry, including agriculture, has been adversely affected by international trade. Such criteria shall provide for the consideration of the extent to which—

(1) significant numbers of employees, including farmers, have become, or are likely to become, unemployed or underemployed for significant periods of time;

(2) imports of goods produced or manufactured by the industry have increased or exports of such goods have decreased;

(3) the sales and production rates of the industry have substantially declined, either in absolute terms or in relation to the total sales and production of goods in the United States; and

(4) the industry is recognized as needing protection under laws or practices designed to protect United States industries from unfair foreign competition.

JOINT LABOR-MANAGEMENT TRAINING PROGRAMS

SEC. 493. (a) From the funds available to carry out this section, the Secretary shall award, on a competitive basis, grants to labor-management committees to provide not more than one-half of the cost of establishing and operating programs of training, retraining, and education for eligible workers.

(b)(1) To be eligible for a grant under this section, a labor-management committee shall demonstrate to the Secretary in its application that—

(A)(i) the committee was established by a voluntary cooperative agreement, between the employer and the employees employed at or operating out of a single site, that complies with the requirements of subsection (d), and (ii) the employer has certified that it will comply with the terms of such agreement;

(B) the committee does not have, as one of its purposes, the discouragement of the exercise of rights contained in section 7 of the National Labor Relations Act (29 U.S.C. 157) or the interference with collective bargaining in any plant or industry;

(C) the employer is undertaking a modernization or other production adjustment program in order to remain or become competitive in international markets;

(D) the employer has undertaken to provide or to secure from non-Federal sources the remaining one-half of the costs of programs under this section;

(E) the programs to be provided will be in addition to training programs already provided or required to be provided;

(F) an identification of (i) the persons or agencies from whom services will be obtained for employees under this section and (ii) the specific services that will be provided; and

(G) a description of any arrangements that have been made with the administrative entity for a service delivery area in the vicinity for the purpose of—

(i) obtaining information concerning (and improved access to) educational and training services available in the locality, such as institutional skill training, on-the-job training, training programs operated by employers or labor organizations, or on-site, industry-specific training supportive of industrial or economic development;

(ii) providing, through the service delivery area, local providers of education and training with information concerning the needs of the committee for their services; and

(iii) assessing such training and educational needs, providing information and recommendations regarding such needs to local educational and training service providers, and matching such training needs to the programs available.

(2) For purpose of programs under this section, an eligible worker is a worker who is or may be at risk of losing employment because of skill obsolescence or because of a moderization or other produc-

tion adjustment program which his or her employer is undertaking in order to remain or become competitive in international markets.

(c) A labor-management committee may use funds under this section to provide to or obtain for eligible workers any one or more of the following services:

(1) early warning adjustment services in the event of mass layoffs or plant closings including such services as personal and financial counseling, referral to community services, career counseling, job search assistance, job development, retraining, and relocation assistance;

(2) aptitude testing and career counseling;

(3) on-the-job training;

(4) institutional training;

(5) tuition assistance;

(6) upgrading of skills; and

(7) education, including basic skills and literacy training as well as more advanced education intended to increase the proficiency and adaptability of workers in a changing work environment.

(d) The cooperative agreement providing for the establishment of a labor-management committee meets the requirements of this subsection if the agreement—

(1) provides that there shall be at least as many representatives of employees on the committee as there are representatives of the employer;

(2) provides that where eligible employees have designated one or more exclusive representatives under the National Labor Relations Act, each of those representatives shall serve on the committee as representatives of those employees;

(3) provides that eligible employees who have not designated an exclusive representative under the National Labor Relations Act may be represented on the committee by such a representative or by one of such employees as chosen in a secret ballot election, except that the ratio of the number of employee representatives chosen pursuant to this paragraph to the number of representatives selected under paragraph (2) may not exceed the ratio of the number of employees who are not represented by an exclusive representative as provided under the National Labor Relations Act to the number of employees who are so represented;

(4) provides that all decisions of the committee shall be by mutual agreement of a majority of the employer representatives and a majority of employee representatives on the committee; and

(5) provides that (A) committees may designate, by mutual agreement of employer and employee representatives on the committee, one individual, not otherwise employed by or under contract to the employer, to act as chairperson of the committee, and (B) where such an individual is not so designated, the chairperson shall be designated by mutual agreement of the employer and employee representatives on the committee from among the employee representatives on the committee.

(e) Upon approval of a grant request but prior to providing any funds, the Secretary shall require the committee and the employer to

enter into a contract with the Secretary to perform the services for which the Secretary is providing funds under this section.

(f) The Secretary shall not provide any additional financial assistance to any committee after receiving notice from the chairperson selected under subsection (d)(5) that the representatives of either the employer or the employees on the committee, or both, have expressed, in writing, an unwillingness to participate in the further activities of the committee. A chairperson shall so notify the Secretary within 10 days after receiving an expression of such unwillingness, unless it is earlier withdrawn.

(g)(1) Nothing in this subsection shall be construed to affect the terms or conditions of any collective bargaining agreement, whether entered into before or after the date of entry into an agreement under subsection (d).

(2) No money or other things of value provided by an employer to a committee pursuant to this section shall be held to be a violation of paragraph (1) or (2) of section 302(a) of the Labor Management Relations Act, 1947, or section 8(a)(2) of the National Labor Relations Act.

DEMONSTRATION PROGRAMS

SEC. 494. (a) From the funds available to carry out this section, the Secretary shall, within 6 months after the date of enactment of this section, establish programs to demonstrate the feasibility of providing worker retraining payments, not to exceed $4,000 each, to workers who—

(1) are or were employed in an industry determined (under section 492) to have been adversely affected by international trade, and

(2) meet the criteria contained in section 302(a) of this Act,

in order to permit such workers to purchase their own job search, education, training, and retraining services from providers who are certified for such purpose by a State job training coordinating council.

(b) Programs established under subsection (a) shall be established in a manner which—

(1) provides a suitable cross section of employees by income, education, job experience, and occupation;

(2) assesses the relative cost and benefits of providing assistance through direct payments to participants as compared to providing assistance through delivery of services to participants; and

(3) evaluate such programs in terms of the performance standards established by the Secretary pursuant to section 106(g) of this Act.

(c) The Secretary shall submit a report evaluating the success of the demonstration programs established pursuant to this section to the Congress not later than 6 months after the conclusion of the study under this section.

TITLE V—MISCELLANEOUS PROVISIONS

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STATE JOB BANK SYSTEMS

SEC. 505. (a) The Secretary shall carry out this section with sums available pursuant to section 201 of the Education and Training for American Competitiveness Act.

(b) The Secretary shall make such sums available through the United States Employment Service for the development and implementation of job bank systems in each State. Such systems shall be designed to use computerized electronic data processing and telecommunications systems for such purposes as—

(1) identifying job openings and referring jobseekers to job openings, with continual updating of such information;

(2) providing information on occupational supply and demand; and

(3) utilization of such systems by career information delivery systems (including career counseling programs in schools).

(c) Wherever possible, computerized data systems developed with assistance under this section shall be capable of utilizing software compatible with other systems, (including management information systems and unemployment insurance and other income maintenance programs) used in the administration of employment and training programs. In developing such systems, special consideration shall be given to the advice and recommendations of the State occupational information coordinating committees (established under section 422(b) of the Carl D. Perkins Vocational Education Act), and other users of such systems for the various purposes described in subsection (b).

SUPPLEMENTAL VIEWS, H.R. 4728, THE EDUCATION AND TRAINING FOR AMERICAN COMPETITIVENESS ACT

We do not deny that there are important education and training needs that must be addressed as part of any overall effort to solve our nation's trade problems. To turn our trade deficit around, we have to look beyond the immediate impact of foreign competition. We have to take a long-range view and look to programs that will have a lasting impact on our workforce and our workers of the future. Education and training programs should form a mainstay of any such effort.

Our strategy should be to look for ways to address the root causes of our nation's decline in the international marketplace: a decline in productivity; a slowdown in research and development activities; and an education system that has not met the needs of an ever-changing global marketplace. Without an educated, literate workforce, our competitiveness is hampered. Without a sound educational foundation, our students will not be the productive workers of tomorrow. Unless we encourage the modernization of our nation's research facilities and equipment; unless we train sufficient numbers of mathematicians, scientists and engineers; unless we encourage the upgrading of skills of our current workers—especially in the areas of technology and computer literacy—and unless we can interact and negotiate with our foreign competitors in their own languages, instead of expecting them to speak English, we cannot expect to hold a preeminent place in the world economy.

Many of these concerns are addressed by the programs authorized by H.R. 4728, but it is unclear how these new programs will be funded. One alternative would be to establish a trust fund to be funded with an import surcharge. A surcharge of approximately .3 percent would probably raise sufficient new revenues to fund these $1 billion programs, but would not be an objectionable protective barrier. Without a specific source of funds for these new programs, however, there is a danger that in the budget process these programs would be competing with important existing education and training programs for scarce dollars. In addition, unless we have a specific source of funds for these new programs, appropriations for them might have the unintended result of creating a larger budget deficit. Increasing the budget deficit, in turn, could require a higher percentage of funds to be sequestered from existing programs if the Gramm-Rudman sequestration process is ever implemented. It would be ironic indeed if a vote in favor of H.R. 4728 were to result in reductions in funds for existing, time-tested programs under this Committee's jurisdiction.

Finally, we want to express intent to seek an open rule for this section of the Trade Bill when it is considered on the floor. This bill was marked up by the Committee almost immediately after introduction. The programs authorized by H.R. 4728, are important

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as a proactive approach to our trade problems. They deserve extensive debate and consideration. Without an open rule, we cannot assure that Members will have sufficient opportunity to assess these programs, consider their interrelationship to existing programs, and propose improvements in the programs authorized. Members should also have ample time to consider alternatives for funding these programs.

JIM JEFFORDS.
BILL GOODLING.
STEVE GUNDERSON.
ROD CHANDLER.
PAUL B. HENRY.